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FISCAL IMPACT STATEMENT

LS 7380

BILL NUMBER: HB 1523

NOTE PREPARED: Jan 22, 2013

BILL AMENDED:

SUBJECT: Moped Operation and Licensing.

FIRST AUTHOR: Rep. Smith M

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- (1) Repeals the term "motorized bicycle" and replaces the term with "moped".
- (2) Authorizes the Bureau of Motor Vehicles (BMV) to adopt rules concerning certificates of title for mopeds.
- (3) Provides that a moped operated on a highway must be registered with the BMV, with a registration fee equal to that of a motorcycle.
- (4) Provides that a moped is subject to county motor vehicle excise surtax and motor vehicle excise tax.
- (5) Requires that certain funds received from the registration of a moped be deposited in the Motorcycle Operator Safety Education Fund.
- (6) Provides that a moped may not be operated when carrying more persons than the moped is designed and equipped to carry.
- (7) Provides that a moped operated on a county highway must display a slow moving vehicle emblem.
- (8) Requires the operator of a moped to obey all applicable motor vehicle laws.
- (9) Provides that a moped must be operated in the right-hand lane, except when making a left-hand turn.
- (10) Creates a moped license, sets fees for the issuance and renewal of a moped license, and requires the operator of a moped to hold a moped license or another driver's license to operate a moped.
- (11) Specifies that a moped license may not be suspended or revoked for certain reasons and that a moped license may be issued after other driver's licenses have been suspended or revoked.
- (12) Requires a dealer who sells at least 12 mopeds a year to register as a dealer with the Secretary of State.
- (13) Requires the operator of a moped to have proof of financial responsibility in effect on the moped.
- (14) Requires certain individuals to file accident reports after an accident involving a moped.
- (15) Repeals the term "motor scooter", makes conforming changes, and makes technical corrections.

(16) Repeals outdated language concerning a study topic of the Joint Study Committee on Transportation and Infrastructure Assessment and Solutions.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary:* This bill could increase (1) the workload of the BMV to title and register mopeds in the state and issue moped licenses and (2) state expenditures to provide a new license type. The bill could also increase the workload of the Secretary of State to provide oversight of moped dealers in the state. Increases in workload and expenditures are within the routine administrative function of the BMV and the Secretary of State and could also be offset by revenue collected from fees.

Additional Information:

Registration of Mopeds: Requiring registration for mopeds may increase associated expenditures for the BMV. The BMV does not register these vehicles currently. However, any additional expenditure is likely to be minimal.

Titling Mopeds: The bill specifies that a moped owner may request a title for a moped. The BMV reports that owners can currently request a title for their mopeds. Granting moped owners the ability to request a title for their moped is expected to have no fiscal impact.

Moped Licenses: The bill requires the BMV to issue moped driving licenses. Individuals must be at least 15 years old and do not hold any other valid driving license. A moped license may be held by an individual who has had their driving privileges suspended or revoked. As a condition of receiving the license, the individual must pass an examination administered by the BMV. This provision will increase the workload of the BMV to issue moped licenses in the state. Increases in workload are within the routine administrative function of the BMV and are expected to be absorbed with current staff and resources.

The bill could also increase state expenditures to issue a new license type. The cost to produce a driver's license is \$7.60 per license. Assuming the same costs for the issuance of a moped license, state expenditures will increase. Increases in state expenditures for card costs are expected to be offset by license fees paid by requesting individuals.

Explanation of State Revenues: *Summary:* This bill could increase state revenue from the following sources:

- (1) Moped registration fees, which are deposited in the Motor Vehicle Highway Account (MVHA), Public Safety Fund, Motorcycle Operator Safety Education Fund, Crossroads 2000 Fund, BMV Technology Fund, Anti-Terrorism Fund, BMV Commission Fund, and Spinal Cord and Brain Injury Fund.
- (2) Moped license fees, which are deposited in the Crossroads 2000 Fund and the MVHA.
- (3) Moped dealer fees, which are deposited in the Secretary of State Dealer Compliance Account and the MVHA.
- (4) Insurance premium taxes, which are deposited in the state General Fund.

This bill also adds a new Class C infraction. As a result, the state could see additional revenue from fines.

Additional Information:

The total number of mopeds in the state is unknown, but should account for a small proportion of the total number of operating motor vehicles in the state. In CY 2012 the BMV completed approximately 216,000 motorcycle registration transactions (with an engine size that is greater than 50 cubic centimeters) and received approximately \$5.6 M in revenue from these transactions.

Moped Registration: By requiring mopeds to register in the state at the same fees as motorcycles, this bill could increase state revenue. The bill specifies that a portion of moped registration fees are deposited in the Motorcycle Operator Safety Education Fund; however, currently this fund receives \$7 of the motorcycle registration fee.

The bill's impact on state revenue will depend on how many mopeds are registered annually. The annual registration fee for motorcycles is \$26.05. For every 3,000 mopeds that would be required to register in the state, this bill is estimated to increase state revenue by \$78,150 per year from registration fees. The table below shows the distribution of the \$26.05 fee.

Distribution of Annual Registration Fee	Fee	Est'd Revenue
Motor Vehicle Highway Account (MVHA)	\$8.75	\$26,250
Public Safety Fee	\$0.25	\$750
Motorcycle Operator Safety Education Fund	\$7.00	\$21,000
Crossroads 2000 Fund	\$3.00	\$9,000
BMV Technology Fund	\$0.50	\$1,500
Anti-Terrorism	\$1.25	\$3,750
Bureau of Motor Vehicles Commission (BMVC)	\$5.00	\$15,000
Spinal Cord Brain Injury Fund	\$0.30	\$900
TOTAL	\$26.05	\$78,150

Moped License: The bill allows the BMV to charge \$9 for the issuance of a moped license to individuals under 75 years of age and \$6 to individuals who are at least 75 years old. As a result, revenue deposited in the MVHA and the Crossroads 2000 Fund could increase.

Of the \$9 fee, \$6 is deposited in the MVHA and \$3 is deposited in the Crossroads 2000 Fund. Of the \$6 fee to individuals at least 75 years of age, \$4 is deposited in the MVHA and \$2 is deposited in the Crossroads 2000 Fund.

New Criminal Penalties: Under the bill, individuals will only be allowed to operate a moped in the right-hand lane of traffic, except under specified conditions. Additionally, the bill specifies that a moped cannot carry more persons than the vehicle is designed to carry at one time. These violations are punishable as a Class C infraction. The maximum judgment for a Class C infraction is \$500, which is deposited in the state General Fund.

Financial Responsibility Requirement: Currently, the number of moped operators who carry insurance coverage for moped operation is not known. This bill may result in an increase in the number of insurance

policies issued to moped operators. To the extent this occurs, the state will receive additional revenue from taxes paid on insurance premiums. Revenue received from the insurance premium tax is distributed to the General Fund. Actual increases in state revenue from insurance premiums are indeterminable.

For FY 2012, the insurance premium tax collected approximately \$203 M in revenue.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* This bill could increase local revenue from (1) motor vehicle excise taxes and (2) county motor vehicle excise tax surtax. Increases in local revenue are indeterminable.

Additional Information:

Motor Vehicle Excise Tax: Under this bill, mopeds would be subject to motor vehicle excise tax. It is assumed that all mopeds would fall into the \$12 excise tax category. Excise tax could amount to about \$36,000 per year for each 3,000 mopeds registered.

About two-thirds of the additional revenue would benefit local government units and school corporations while one-third would be captured by the state as part of the property tax reform that took effect in 2009.

County Motor Vehicle Excise Tax Surtax: The bill would also subject mopeds to the county excise surtax. Currently, 47 counties impose the surtax. The rate is a flat amount in 32 of those counties, and it is based on a percentage of the pre-1996 excise tax schedule in the other 15 counties. The minimum surtax in each county is \$7.50. Each moped registered in an adopting county would be subject to the surtax.

If 3,000 mopeds are registered in the state and half are registered in adopting counties, the additional surtax revenue would range from \$11,250 to \$37,500 annually. The excise surtax is distributed to cities, towns, and counties based on the formula for the Local Road and Street Account.

State Agencies Affected: Secretary of State, BMV, Department of Corrections.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Mark Goodrich, BMV.

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